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SUPPORT

PROGRAMME IMPLEMENTATION

SPECIAL PROGRAMMES

Assistance to the Palestinian people

Report of the Administrator

SUMMARY

This document reviews the performance of the Programme of Assistance to the Palestinian people, with particular emphasis on programme delivery in 1989 and project planning for the immediate future. Information is given on the financial situation of the Programme, including special contributions received or in process, as well as allocations from the central resources of the United Nations Development Programme.

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I. GENERAL SITUATION OF THE PROGRAMME

1. The Programme of Assistance to the Palestinian people of the United Nations Development Programme commenced operational activities in 1980. The thirty-seventh session of the Governing Council, therefore, marks the tenth anniversary of an activity that has become a leading source of United Nations development assistance for the Palestinian people in the occupied Palestinian territory. The Administrator is especially pleased to report on this occasion that remarkable progress has been achieved by the Programme since the thirty-sixth session of the Council (1989).

2. During that session, the Council was informed of concerns over a slackened rate of programme delivery and delays involved in securing the necessary clearances for new projects. Although the UNDP Office in Jerusalem continues to face serious programming and implementation problems, special programming measures and an intensified focus on implementation over the past year have produced greatly improved results, as shown in the following sections of this report.

3. The Programme enjoys widespread support among the Palestinian people in the occupied Palestinian territory. Strict adherence to the consultative process specified in relevant resolutions of the General Assembly and the Economic and Social Council has proved to be beneficial in this regard.

4. Increasing attention is being given to the co-ordination of relationships with other United Nations agencies, non-governmental agencies and governmental and intergovernmental activities. Especially close liaison continues to be maintained with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

II. PROGRAMME DELIVERY

5. During the first five years of the Palestinian Programme, following its start from a zero base in 1980, the programming and delivery machinery necessary for extensive project activities was gradually built up. It was not until 1986 that the Administrator was able to reach agreement with the authorities for the opening of the UNDP Office in Jerusalem.

6. The project expenditure pattern, which forms a rough gauge of the progress of the Programme, showed expenditures of less than $1 million annually until 1985, when just over $1 million in expenditures were recorded. In 1986, there was a sharp jump to about $4 million, but there followed two years of declining delivery (1987: $2.4 million; 1988: $2 million). Final delivery figures for 1989 were not available at the time of preparation of this report, but it is estimated that the total will amount to about $3.8 million, a welcome reversal of the previous trend.

III. FINANCIAL SITUATION

7. The financial core of the Programme has been provided since its commencement through allocations by the Governing Council from Special Programme Resources. The pattern of these allocations is given below.

Second cycle (1980-1981)	$3.5 million
Third cycle (1982-1986)	$10.0 million
Fourth cycle (1987-1991)	$12.0 million

8. Funding provided for the current fourth cycle has been almost entirely allocated, only about $850,000 remaining unencumbered as of March 1990. A number of newly formulated projects are currently awaiting availability of funding prior to being declared operational:

	Amount required (dollars)
Vegetable Packing and Grading Facilities	250 000
Grape Processing Facilities	750 000
Maintenance and Operation of UNDP Sewage Systems - Gaza	600 000
Development of Electricity Delivery Systems (Villages)	270 000
Medical Fellowships	500 000
Laboratory for Quality Improvement - Plastics Industry	500 000
Feasibility study - Desalination of Seawater	400 000
Water Supply - Ramallah Area (Ein Saniya)	700 000
	3 970 000

9. For the fifth cycle (1992-1996), an initial allocation of $12.0 million is being recommended by the Administrator, as a minimum, with provision for consideration of an additional allocation at an appropriate future time should the rate of project preparation and implementation so warrant.

10. The Governing Council and the General Assembly have over the years appealed to Governments and intergovernmental institutions for additional resources for the Programme, through voluntary contributions. As of March 1990, the following funds have been pledged to the Programme for the purposes shown:

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READEX FICHE

Donor	Amount (dollars)	Purpose
Arab Gulf Programme for United Nations Development Organizations (AGFUND)	1 000 000	Gaza Sewage
Canada	400 000	Unrestricted
Italy	5 000 000	Gaza Citrus Plant
Italy	7 320 000	Health Institutions
Italy	2 900 000	Bethlehem Sewage
Japan	3 000 000	Various Projects
Jordan	457 000	Health Institutions
Tunisia	48 500	Unrestricted
USA	1 000 000	Gaza Sewage

11. A flexible series of options are available to potential contributors, making it possible to transfer funds to the Programme under cost-sharing, trust fund or management service arrangements as required. The UNDP Office in Jerusalem is organized to respond quickly to requests for assistance in formulating and implementing projects of special interest, the only restriction being that approved management arrangements governing UNDP projects must be followed.

12. The Administrator wishes to express appreciation for the growing support by Governments and institutions, both with respect to the core activities of the UNDP Programme and the additional activities supported financially through special contributions and management service arrangements.

IV. PROJECT HIGHLIGHTS

13. The broad range of activities described in previous reports of the Administrator continued successfully over the past year, but with increasing emphasis on job creation and self-sufficiency. UNDP has sponsored the creation of agricultural associations in Gaza, while activities such as the new honey production facility in Jericho offer steady income for the first time to small producers in the occupied Palestinian territory. In addition, UNDP continues to seek the sanction of the Israeli authorities for the poultry hatchery project and for a cement production facility in the West Bank, while port facilities in Gaza, both for fishermen and commercial purposes, remain high on the UNDP agenda.

14. Other industrial and agro-industrial projects have recently made significant progress. UNIDO is co-operating with UNDP on several projects, including the projects in the plastics and vegetable packing field mentioned in chapter III. A feasibility study for a flour mill project has been completed, while the construction of the $1.6 million Nablus industrial zone has reached its final phase.

15. For the improvement of drinking water in Gaza, initial studies have started to determine the feasibility of establishing dual purpose desalination plants, which will produce potable water while at the same time yielding extra electrical power for industrial and economic activities. The sum of $400,000 is required for the first studies, but experts advise that the total investment outlay could amount to almost $200 million, a figure far beyond the possibilities for UNDP funding. The first studies confirm that the condition of water supplies is reaching a desperate stage through progressive dehydration of the supply, continual overpumping and rapid population growth.

16. UNDP recently received from the Italian Government $5 million for the initial phase of construction of the long-awaited Gaza citrus processing plant. Construction work will commence as soon as design plans are available from the contractors and the required formalities have been completed.

17. The sewage on the outskirts of the Jabalya refugee camp has been drained by the new UNDP pumping facility located nearby. At the request of UNRWA, UNDP has now commenced work on a sewage collection network for the camp itself at an estimated cost of $2.6 million. UNDP has allocated $600,000 towards this figure, while agreement has been reached for an input of $1 million from the United States Government; other governmental contributions are anticipated.

18. Other current projects of special interest are given below. They indicate the substantial concentration of the Programme on activities in the private sector and on those involving community organizations.

Trade and Marketing Promotion Centre

19. In co-operation with the International Trade Centre (ITC) and the United Nations Conference on Trade and Development (UNCTAD), a five-team mission has just completed a study to improve marketing and trade facilities, with emphasis on direct exports.

El Duyuk Drinking and Irrigation Water Development

20. In consideration of scarce water resources in the West Bank, the existing spring at El Duyuk is being improved to provide water supplies for both irrigation and drinking purposes.

Development of Modern Irrigation (Drip and Sprinkler Irrigation)

21. This project is designed to improve the irrigation system in the Gaza Strip, where serious water shortages exist. UNDP will provide drip irrigation equipment to farmers on a loan basis, through an agricultural co-operative.

Business Development Centre

22. Initial planning and installation work has been completed for this Centre, which is designed to provide Palestinian entrepreneurs with advisory and marketing services, training, and credit. The recently appointed Director is currently assembling the Centre staff and preparing the accommodations of the Centre, which are located near the UNDP office in Jerusalem.

Development of Electricity Systems

23. Many villages in the West Bank and Gaza Strip lack electricity. UNDP will implement pilot projects in selected villages by providing generators and other equipment.

V. FUTURE DIRECTIONS

24. The UNDP experience over the past 10 years has demonstrated that the international community can mobilize financial and technical assistance for the Palestinian people in ways that produce substantial improvement in current living conditions and future prospects. Building on this experience, UNDP can be in a position to make valuable contributions to the peace process as well as the development process over the next few years.

25. As far as future emphasis on sectors and types of projects is concerned, UNDP considers that increasing attention must be directed towards industrial and agricultural projects which provide opportunities for Palestinian entrepreneurship while also adding substantially to employment prospects. Initial planning is therefore under way on the following project concepts: animal production, including cattle and rabbits; rice processing; training and production centres for small-scale industry; and dairy development.

Annex

PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE: FINANCIAL ALLOCATIONS TO PROJECTS AS OF MARCH 1990

I. COMPLETED PROJECTS

Project number		Title	Amount (dollars)
PAL/79/001	-	Identification of Social and Economic Needs of Palestinian People (Project Support)	832 404
PAL/79/002	-	Specialized Training in Industrial Management	103 888
PAL/79/003	-	Promotion of Pre-primary Education	255 460
PAL/79/005	-	Promotion of Technical and Vocational Education	377 222
PAL/79/008	-	Development and Strengthening of Health Institutions	619 220
PAL/79/009	-	Specialized Training Programme in Agricultural Development	173 664
PAL/79/010	-	Agricultural Training Centres (Syria)	393 743 a/
PAL/79/014	-	Training in Housing	57 856
PAL/79/016	-	Youth Programme	70 119
PAL/79/017	-	Women's Institutions	147 903
PAL/79/018	-	Children's Institutions	431 088
PAL/83/001	-	Specialized Training in Anesthesiology	513 720
PAL/83/002	-	Medical Services Training Centre	155 307
PAL/83/004	-	Development and Strengthening of Agricultural Educational Institution at El-Aroub	62 853
PAL/83/006	-	Development of Health Institutions II	393 977
PAL/85/002	-	Project Preparation for the Social and Economic Needs of the Palestinian People (Consultants)	23 821
PAL/85/003	-	Strengthening of Agricultural and Hydrology Laboratories	63 273
PAL/86/005	-	Promotion of Technical and Vocational Training II	250 738
			4 926 256

II. PROJECTS UNDER IMPLEMENTATION

Project number		Title	Amount (dollars)	
PAL/79/007	-	Health Manpower Development	1 660 000	
PAL/79/013	-	Industrial Development (Olive Oil)	358 000	
PAL/83/003	-	Sewage Disposal and Effluent Recycling	1 757 130	b/
PAL/83/005	-	Assistance to the Fishermen of the Gaza Strip	801 000	
PAL/85/004	-	Recycling of Gaza City Effluent	1 777 300	
PAL/86/001	-	Strengthening of Educational Institutions	4 085 000	
PAL/86/003	-	Development of Glass and Ceramic Engineering Technology	400 000	
PAL/86/004	-	Development and Strengthening of Health Institutions III	1 750 000	c/
PAL/86/006	-	Assistance to the Municipalities	525 000	
PAL/86/007	-	Improvement of Water Supply Systems - Village and Rural Areas	1 933 980	d/
PAL/87/001	-	Administrative Programme Support	768 311	
PAL/88/001	-	Technical Programme Support	300 000	
PAL/88/002	-	Development of Women's Institutions	175 000	e/
PAL/88/003	-	Development of Light Industries (Industrial Zone Nablus)	1 574 000	
PAL/88/004	-	Promotion of Technical and Vocational Training	275 000	
PAL/88/006	-	Development of Apiculture	273 000	
PAL/88/007	-	Establishment of Business Development Centre	500 000	f/
PAL/88/009	-	Drip and Sprinkler Irrigation - Gaza Strip	250 000	d/
PAL/89/003	-	El-Duyuk Drinking Water Irrigation Development	510 000	
PAL/90/003	-	Preparatory Assistance for Trade Promotion Centre	55 000	
			19 727 721	

III. PROJECTS FINANCED BY UNITED NATIONS AGENCIES

WHO g/

Project number		Title	Amount (dollars)	
PAL/85/001	-	WHO Collaborating Centre in Primary Health Care Research - West Bank	309 000	
PAL/85/005	-	WHO Collaborating Centre in Primary Health Care Research - Gaza Strip	145 000	
PAL/86/002	-	WHO Collaborating Centre in Manpower Development Aspects of Primary Health Care Research	190 000	
PAL/86/008	-	Support to WHO Collaborating Centres for Studies related to Maternal Health and Primary Planning	86 700	730 000

ILO

Five projects financed by ILO have been completed. All involve training at the ILO Turin Centre, in management of training institutions, policy and consultancy activities for small-scale industries, safety and hygiene, organization and management of industrial co-ops and training of trainers. 370 127

UNFPA

The project Demographic and Socio-Economic Training (RMI/86/P05) is presently being implemented and involves six fellowships. 246 090

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a/ Was implemented by FAO in Syria.

b/ Project budget amounts to $3,757,130. UNDP allocation is $1,757,130, the balance being contributed by AGFUND ($1 million) and USAID ($1 million).

c/ Project budget amounts to $2,207,666 and includes $457,666 as cost-sharing by Ministry of Health, Jordan.

d/ The budgets for PAL/86/007 and PAL/88/009 amount to $1,982,500 and include $48,520 cost-sharing by the Tunisian Government.

e/ Project budget amounts to $1 million and includes $750,000 from the Government of Japan.

f/ Project budget amounts to $985,120 and includes $485,120 as cost-sharing by the Japanese Government.

g/ Does not include figures for support costs.

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SUPPORT

PROGRAMME IMPLEMENTATION

SPECIAL PROGRAMMES

Special Plan of Economic Co-operation for Central America

Report of the Administrator

SUMMARY

The present report traces recent developments in the implementation of the Special Plan of Economic Co-operation for Central America (PEC), emphasizing its effective role in the mobilization of resources through sectoral and thematic meetings between the Central American Governments and the international donor community. Information is provided on commitments in terms of technical assistance projects financed by the United Nations Development Programme (UNDP), and on the overall financial situation of the Special Programme Resources (SPR) allocation.

I. RECENT DEVELOPMENTS

1. By its decision 88/31 of 1 July 1988, the Governing Council of the United Nations Development Programme (UNDP) allocated $US 20 million from Special Programme Resources (SPR) to promote, co-ordinate, implement and follow up the objectives of the Special Plan of Economic Co-operation for Central America (PEC) adopted by the General Assembly on 12 May 1988 (resolution 42/231). This allocation was distributed as follows: $18.5 million for the formulation and implementation of priority technical co-operation and pre-investment projects with a view to mobilizing resources as well as projects geared to strengthening national and regional institutions; and $1.5 million for institutional support to UNDP in order to fulfil its responsibilities as lead agency for the implementation of PEC.

2. In accordance with the PEC implementation mechanism, the 2nd meeting of the Support Committee and the 1st meeting of the Committee on Policies and Projects were held in New York from 14 to 16 February 1990. During these meetings, the status of the implementation of the Special Plan, its co-ordination mechanisms and the results of the resource mobilization efforts were discussed. Preparations for the forthcoming sectoral meetings with donors, the support offered by the international organizations participating in the mechanism, and the plan of action for the implementation of PEC in 1990 were also analysed and approved.

3. Since September 1988, 29 UNDP-financed technical assistance projects have been in different stages of implementation and 6 projects are in the final stages of approval. These 35 projects amount to $17.3 million, of which $10.3 million is financed from the $20 million SPR allocation and the balance from other sources.

4. Twenty-seven additional technical co-operation project requests amounting to $9.2 million have been submitted for consideration. Some of these projects will be included in PEC's SPR pipeline and others will be channelled to interested donors according to the sector, and to their potential contribution to the mobilization of additional resources.

5. In terms of resource mobilization within the framework of the Special Plan, preliminary estimates indicate that as at February 1990, the donor community has committed $39 million for technical co-operation and an additional $1.5 million is under negotiation. Furthermore, a total of $707 million has been identified as investments and other financial contributions approved and under negotiation.

II. FIRST MEETING OF THE CENTRAL AMERICAN GOVERNMENTS WITH CO-OPERATING GOVERNMENTS AND INSTITUTIONS

6. Pursuant to General Assembly resolution 43/210 of 20 December 1988, the First Meeting of the Central American Governments with Co-operating Governments and Institutions provided an opportunity for a collective dialogue between donors and recipients. During the meeting (Geneva, 4-6 July 1989), the Governments indicated their technical and financial requirements, while the donor community pointed out its development co-operation sectoral and thematic priorities targeted to the subregion as a whole. This meeting was attended by 27 Governments, 29 organizations

of the United Nations system and 15 subregional organizations, as well as the European Economic Community (EEC), the Organization of American States and the Inter-American Development Bank.

7. The representatives of donor Governments and institutions emphasized, inter alia, the urgent need for the Central American Governments to move forward on the implementation of the Esquipulas Peace Plan, and agreed that the Special Plan constitutes an effective frame of reference which reflects Central America's priorities for technical and financial co-operation. The need for rigorous priority-setting by the Governments for projects within the different sectors or areas reflected in the Special Plan, as well as among the various sectors, was also emphasized.

8. Lastly, there was consensus on the proposal advanced by several donors that resource mobilization should be promoted through sectoral or thematic meetings with potential donors, both bilateral and multilateral.

III. SECTORAL MEETINGS OF THE CENTRAL AMERICAN GOVERNMENTS WITH CO-OPERATING GOVERNMENTS AND INSTITUTIONS

9. On 19 December 1989, the General Assembly adopted resolution 44/182 in which it recommended "the convening of sectoral meetings during 1990, in continuation of the process already begun between the Governments of Central America and the co-operating Governments and institutions, to examine the possibility of mobilizing additional resources for the early implementation of programmes and projects within the framework of the Special Plan".

10. During the recent meetings of the PEC implementation mechanism (see para. 2) it was agreed that the following meetings with the donor community would take place in 1990:

(a) First meeting on the Electrical Sector (San Salvador, 3-4 April);

(b) First Meeting on the Central American Monetary Stabilization Fund (CAMSF) (Geneva, 30 April);

(c) First International Meeting of the International Conference on Central American Refugees (CIREFCA) Follow-up Committee (New York, June);

(d) First meeting on the Agricultural Sector (Managua, September);

(e) Evaluation meeting on "Health: A Bridge for Peace" (August) with a view to convening a meeting with donors during the first quarter of 1991 (Madrid).

In addition, the following sectoral meetings were tentatively agreed upon, pending the definition of the date and venue: (a) roads network; (b) micro-, small- and medium-scale enterprises; (c) telecommunications; and (d) tourism.

11. Given their importance, and considering that some will be the subject of meetings with donors, a short description is provided below on priority sectors or areas included in the Special Plan.

Electrical sector

12. A UNDP-financed technical assistance project has resulted, inter alia, in an updated priority project portfolio prepared, in close consultation with the electrical companies, by the World Bank and the Economic Commission for Latin America and the Caribbean (ECLAC). The project profiles totalling approximately $230 million will be discussed with interested donors with a view to mobilizing resources in April 1990. A second UNDP-financed technical assistance project executed by the World Bank and the Economic Commission for Latin America and the Caribbean (ECLAC). The project profiles totalling approximately $230 million will be discussed with interested donors with a view to mobilizing resources in April 1990. A second UNDP-financed technical assistance project executed by the World Bank and ECLAC will initiate activities in May 1990 with a view to defining, jointly with the electrical companies, a portfolio of institutional support projects aimed at strengthening the utilities companies in several key areas such as administration, finance and accounting.

Reactivation of the Central American Common Market

13. EEC has approved ECU 120 million for the Central American Clearing-House with a view to reactivating intraregional trade. An additional ECU 30 million is under negotiation for Honduras and Nicaragua.

14. In addition, UNDP financed the elaboration of a proposal to reform the Central American Monetary Stabilization Fund (CAMSF). The proposal, approved by the presidents of the five central banks, will be discussed with interested donors on 30 April with the objective of mobilizing $400 million to correct temporary balance-of-payments disequilibria.

15. The Central American Governments recently approved a UNDP-financed technical assistance project aimed at strengthening the Central American Bank for Economic Integration (CABEI). In the financial area, the project includes, inter alia, the improvement of the overall financial structure, the strengthening of the capital base, asset/liability management, and debt renegotiation. It also contemplates the diversification of the loan portfolio to include lending to the productive sectors. The project, with a 2.5-year duration, will be developed in two phases, and the estimated total cost is $3 million. It will support CABEI's efforts to raise $200 million in equity from non-regional members, and $800 million in new debt financing.

Assistance to refugees, returnees and displaced persons

16. The assistance required for over 2.2 million uprooted Central Americans as a result of armed conflict led to the International Conference on Central American Refugees (CIREFCA) (Guatemala City, May 1989). The five countries parties to the Esquipulas II Agreement, 1/ and also Belize and Mexico, with the support of the Office of the United Nations Secretary-General, the Office of the United Nations

High Commissioner for Refugees (UNHCR) and UNDP, inter alia, prepared a plan of action which was adopted by 58 countries.

17. The first concrete result of CIREFCA is the approval by the Italian Government of $115 million for the Programme of Assistance to Displaced Persons, Refugees and Returnees (PRODERE). This programme, which is of a three-year duration, has been able to undertake urgent activities thanks to an initial payment of approximately $4.0 million. Full project activities will be programmed and implemented on the basis of further payments to be effected annually. For 1990, a programme of activities has been prepared on the basis of an agreed contribution of $15 million. PRODERE will benefit 400,000 persons, of whom 136,000 will be direct beneficiaries.

18. It is expected that an additional $50 million will be committed at the First International Meeting of the CIREFCA Follow-up Committee. These funds and those allocated to PRODERE will cover approximately 45 per cent of the CIREFCA Plan of Action.

Agricultural sector

19. The Central American Governments, assisted by subregional institutions, the World Bank, the Inter-American Institute for Co-operation on Agriculture (IICA), the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and two UNDP-funded projects with co-financing from the Government of Japan (through the World Bank), are preparing the technical documentation and the portfolio of investment projects to be presented to a donor's meeting next September. Among the areas being considered for potential investment are: rural settlements, agro-industries, export of non-traditional products, and production of natural oils and citrus fruits.

Health sector

20. Within the framework of the Pan American Health Organization (PAHO)-sponsored programme "Health: a Bridge for Peace", the donor community has approved $150 million. During 1989, evaluations of priority areas carried out by the Ministries of Health resulted in new project proposals. In August 1990, a meeting with the international community will be held in order to review the requirements of the sector and to analyse the portfolio of projects to be submitted to donors in Madrid in February 1991.

IV. UNDP SUPPORT COSTS

21. At its thirty-sixth session (1989) the Governing Council received an oral report from the Assistant Administrator and Director of the Regional Bureau for Latin America and the Caribbean (RBLAC) and Co-ordinator of PEC on the implementation of the Special Plan and its financial provisions. Based on this report, the Assistant Administrator informed the Council that the allocation for the institutional support of UNDP would be increased from $1.5 million to $2.7 million within the overall SPR allocation of $20 million.

22. Additional commitments have since been incurred, however, in light of the decision taken by the PEC mechanisms to organize a series of sectoral and thematic meetings for financial resource mobilization. Furthermore, other activities involving the strengthening of the field offices required additional funding. Activities have also been initiated within the Special Plan in connection with UNDP's participation, under the aegis of the Secretary-General, in the International Support and Verification Commission (CIAV), which has been inter alia mandated to support the repatriation and settlement of the Nicaraguan resistance group.

23. In view of the above, it is estimated that until the end of 1991 a total amount of $3.7 million will be required for UNDP to provide the necessary support with regard to PEC. This is $1 million above the estimate reported to the Governing Council and will be funded from the overall $20 million SPR allocation.

24. In this regard it must be noted that UNDP provides technical, administrative and other support services which are related not only to the $20 million SPR resources, but also to project assistance amounting to date, i.e. at PEC's mid-course, to over $800 million.

25. The amount of $3.7 million is based on the present estimates for the provision of support services to the Special Plan until the end of 1991. The first two sectoral resource mobilization meetings scheduled for April 1990 will provide UNDP with essential information to enable it to prepare a more detailed and accurate estimate of its support services requirements.

Notes

1/ A/42/521-S/19085, annex. For the printed text, see Official Records of the Security Council, Forty-second Year, Supplement for July, August and September 1987, document S/19085, annex.

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POLICY

UNITED NATIONS POPULATION FUND

Report of the Executive Director

on proposed revisions to the

Financial Regulations of UNFPA

Summary

The Executive Director hereby submits to the thirty-seventh session of the Governing Council, for its approval, revisions to UNFPA Financial Regulations requiring amendments as a result of General Assembly resolutions and Governing Council decisions, adopted after the latest revision of the Financial Regulations in June 1984.

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Introduction

1. The United Nations Population Fund Financial Regulations were adopted by the Governing Council, in decision 83/17, at its thirtieth session in June 1983 and subsequently amended by decision 84/21 at the thirty-first session in June 1984. As requested by the Governing Council in decision 89/49, paragraph 3, the Executive Director hereby submits to the Council for its approval revisions to Financial Regulations 16.1, 16.3, 17.1, and 17.2. These amendments are the same as those submitted by UNDP for the same regulations. In addition, the Executive Director hereby submits amendments to other regulations as a result of General Assembly resolutions and Governing Council decisions adopted after the latest revision of the Financial Regulations in June 1984. This report also contains the Executive Director's recommendations for revisions of regulations that were considered necessary following a comprehensive review of all UNFPA financial regulations.

2. In the revised Financial Regulations presented below, the words and punctuation proposed for deletion from the existing regulations are shown in brackets, while the additions are underlined. The proposed revised regulations are presented under their corresponding Articles of the UNFPA Financial Regulations and Rules.

3. In decision 87/33, the Governing Council proposed "to the Economic and Social Council and to the General Assembly, as suggested by the Executive Director of the United Nations Fund for Population Activities, to change the formal title of the United Nations Fund for Population Activities to the United Nations Population Fund, while retaining the well-known acronym UNFPA". The proposed change was recommended to the General Assembly by the Economic and Social Council in decision 1987/175 of 8 July 1987, and the General Assembly approved the change at its ninety-sixth plenary meeting by resolution 42/430 of 11 December 1987. Regulations 1.1 and 2.1(a) are accordingly revised.

Article I - APPLICABILITY

Regulation 1.1: These regulations shall govern the financial management of the [United Nations Fund for Population Activities] United Nations Population Fund (UNFPA) and shall, unless otherwise provided by the General Assembly or the Governing Council and except as specified in these Regulations, apply, *mutatis mutandis*, to all funds administered by UNFPA.

Article II - DEFINITIONS

Regulation 2.1(a): "UNFPA" shall mean the [United Nations Fund for Population Activities] United Nations Population Fund placed under the authority of the General Assembly by General Assembly resolution 3019 (XXVII) and as amended by General Assembly resolution 42/430.

4. The original text of provisional regulations 4.5, 4.6, 13.3 and 13.4, although reviewed by the Governing Council in June 1983, remained as temporary provisions pending further review by the Governing Council of similar regulations of the United Nations Development Programme. In decision 83/17 III, paragraph 3, the Council decided that these provisional regulations should be modified in light of the proposed changes in corresponding UNDP financial regulations. The Executive Director hereby proposes the adoption of

UNFPA regulations 4.5 and 4.6 under Article IV and regulations 13.3 and 13.4 under Article XIII. These are equivalent to UNDP regulations 4.5, 4.7, 13.3 and 13.4, respectively, which were adopted by the Governing Council at its thirty-third session in decision 85/38 of 29 June 1985.

Article IV - UNFPA FUNDS

Regulation 4.5: Voluntary contributions shall be made in currencies which are readily usable by UNFPA, consistent with the need for efficiency and economy of operations, or convertible to the greatest possible extent into currencies readily usable by UNFPA.

Regulation 4.6: The Executive Director shall report annually to the Governing Council on the nature of restrictions on the use of voluntary contributions and the extent to which such restrictions have affected the flexibility, efficiency and economy of UNFPA operations.

Article XIII - MANAGEMENT OF FUNDS

Regulation 13.3: The Executive Director may, in the absence of restrictions imposed by contributing Governments, exchange currencies between UNFPA funds and funds of other organizations in the United Nations system and may utilize them to purchase other currencies, whenever the Executive Director determines it would be in the interest of UNFPA.

Regulation 13.4: The Executive Director and the executing agencies shall endeavour, consistent with the need for efficiency and economy of operations, to make the fullest possible use of all available currencies in the UNFPA Account.

5. The Governing Council, at its thirty-fifth session, by decision 88/36, paragraph 22, authorized "the Executive Director to accept, on behalf of the Fund, individual donations of up to $100,000, without prior approval of the Council";

Regulation 4.11: Individual donations of a value in excess of [$25,000] $100,000 shall be accepted only with the prior approval of the Governing Council.

6. Regulation 6.1 is amended in order to state clearly the time frame of the UNFPA Work Plan, as endorsed by the Governing Council in decision 88/34 II, paragraph 1, and 89/46 B, paragraph 1.

Article VI - FINANCIAL PERIOD

Regulation 6.1: For the purposes set forth in Article VII, UNFPA shall have a planning period consisting of four consecutive calendar years [to be revised annually by dropping the current calendar year and adding a new calendar year] , the first of which shall be the year following the current year. The plan covering the planning period shall be known as the UNFPA Work Plan as defined in Regulation 7.2.

7. UNFPA Regulation 7.3 was patterned after UNDP Regulation 7.3, which mentions that "subject only to the maintenance on a continuous basis of the Reserves set forth under Article XII and for working capital, and after provision has been made for the biennial budget, all resources of UNDP shall be available to the maximum extent possible for programme activities, including reimbursement of related agency support costs". UNFPA proposes to delete the words "and for working capital" in UNFPA Regulation 7.3, as a working capital fund is not foreseen in the future. Such a fund would normally be established by the Governing Council to finance budgetary appropriations pending receipt of donors' contributions. For UNFPA activities, the Governing Council has established under UNFPA Regulation 12.2 "an Operational Reserve, the purpose of which is to guarantee the financial viability and integrity of UNFPA".

8. By decision 85/20, paragraph 6, the Governing Council decided to integrate the posts of 33 UNFPA Deputy Representatives and 9 International Programme Officers into the 1986-1987 administrative and programme support services (APSS) budget and to abolish the corresponding posts previously financed from project funds. Furthermore, by decision 87/31, paragraph 1, the Governing Council also integrated the local cost component of UNFPA field offices into the APSS budget, with the effect that from 1 January 1988 onwards all costs of the UNFPA field offices network are part of the APSS budget.

Article VII - PROPOSED UTILIZATION OF RESOURCES - GENERAL FRAMEWORK

Regulation 7.3: Subject only to the maintenance on a continuous basis of the Operational Reserve set forth under Article XII [and for working capital], all resources available to UNFPA after provision has been made for the biennial budget, shall be available to the maximum extent possible for programme activities, including reimbursement of related agency support costs [and expenditures of the UNFPA Deputy Representatives' Offices].

9. As a biennium cannot span more than one planning period (as defined in Regulation 6.1), the wording in brackets in Regulation 9.1 below is deemed to be redundant.

Article IX - BIENNIAL BUDGET

Proposed biennial budget

Regulation 9.1: The biennial budget as defined in Regulation 2.2 B(i) shall be prepared by the Executive Director and shall be related to the Work Plan submitted for the current planning period [or, should the biennium span more than one planning period, the current and the following period.]

10. Regulations 15.1, 15.2, and 15.3 were formulated based on similar UNDP regulations. The terms of these regulations provide for: (a) the administration of funds; (b) the reporting on the financial status of funds; and (c) the specification of the basis, content, and periodicity of reports on funds received from or through UNDP by executing agencies. These provisions were in the UNDP regulations because, in the case of UNDP, agencies received financial resources from UNDP and from major United Nations Funds and Programmes administered by UNDP, such as the United Nations Capital Development Fund and the United Nations Volunteers Programme. However, as these conditions do not exist in UNFPA, the regulations are accordingly amended.

Article XV - EXECUTING AGENCIES

Regulation 15.1: The administration by executing agencies of funds obtained from [or through] UNFPA, shall be carried out under their respective financial regulations, rules, practices and procedures to the extent that they are appropriate. Where the financial governances of an executing agency do not provide the required guidance, those of UNFPA shall apply.

Regulation 15.2: Each executing agency shall maintain such accounts and records as are necessary to enable it to report on the financial status of funds obtained from [or through] UNFPA, including in particular the balance of recorded allocations, expenditures and commitments.

Regulation 15.3: To ensure the uniformity and usability of data required for UNFPA management purposes, the Executive Director is authorized, after consultation with the executing agencies, to specify the basis, content and periodicity of reports on funds obtained from [or through] UNFPA which are to be submitted by executing agencies.

11. At its thirty-sixth session, the Governing Council noted with concern that the audit opinion of the Board of Auditors on the 1987 accounts of both UNDP and UNFPA was qualified. This resulted from the absence of audited financial statements of programme and programme-support expenditures of United Nations executing agencies that had adopted biennial auditing procedures. The Governing Council also recognized that this qualification was technical in nature, as established by the General Assembly in resolution 43/216 of 21 December 1988, preambular paragraph 7. The Governing Council also recognized that the audit opinion on the accounts of both organizations, UNDP and UNFPA, would remain qualified so long as audit confirmation of programme expenditures incurred by United Nations executing agencies was not available at the time the Board of Auditors issues its opinion on their accounts.

12. In order to resolve the situation, the Governing Council requested both UNDP and UNFPA to submit to the Governing Council at its thirty-seventh session (1990), after review by the Advisory Committee on Administrative and Budgetary Questions, appropriate amendments to the UNDP and UNFPA Financial Regulations which would provide that, beginning with the biennium 1990-1991, audited financial statements of UNDP and UNFPA would be submitted to the General Assembly and to the Governing Council on a biennial basis (decision 89/61, paragraph 5, and 89/49, paragraph 3). In resolution 44/183, paragraph 10, of 19 December 1989, the General Assembly approved the changes proposed by the Governing Council in decisions 89/61 and 89/49. Accordingly, the Executive Director hereby submits the appropriate amendments to the relevant Financial Regulations.

Article XVI - THE ACCOUNTS

Regulation 16.1: The Executive Director shall submit accounts [annually] biennially in respect of the UNFPA Account and in respect of all other funds administered by UNFPA showing:

(a) The income and expenditures;

(b) The assets and liabilities;

(c) The status of allocations for programme activities and the amounts charged against those allocations;

(d) The status of appropriations approved by the Governing Council for the biennial budget and the amounts charged against those appropriations.

The Executive Director shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounts and records as are necessary to report to the Governing Council and the General Assembly on the financial status of funds administered by UNFPA.

Regulation 16.3: The accounts shall be submitted by the Executive Director, not later than 30 April of the year following the end of each [calendar year] biennium, to the United Nations Board of Auditors for examination and opinion.

Article XVII - EXTERNAL AUDIT

Regulation 17.1: The External Audit provisions of Article XII of the United Nations Financial Regulations have been annexed for information to these Regulations and shall, *mutatis mutandis*, apply to UNFPA, except that:

(a) The reports of the Board of Auditors, together with the financial statements and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Governing Council;

(b) Executing agencies which are organizations of the United Nations system shall transmit to the Executive Director for submission to the Governing Council [annual] biennial accounts showing the status of funds allocated to them by the Executive Director for the execution of UNFPA activities. Such accounts shall bear audit certificates from the organizations' External Auditors and shall be accompanied by their reports, if any, and copies of any relevant resolutions adopted by their legislative or governing bodies;

(c) In submitting the above [annual] biennial accounts to the Governing Council, the Executive Director shall comment on the Auditors' substantive observations and on their follow-up[;].

[(d) Notwithstanding (b) and (c) above, executing agencies which are organizations of the United Nations system and which have adopted a biennial financial period but which do not receive audit certificates covering the accounts of the first year of the biennium shall submit interim accounts for that year. Such interim accounts may be unaudited, provided that audited accounts are submitted covering both years of the biennial financial period.]

Regulation 17.2: The Executive Director shall ensure that Governments which are executing agencies, and other parties selected for project implementation under Regulation 8.6, shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed for the United Nations with respect to funds obtained from [or through] UNFPA, and shall submit audit reports [annually] biennially together with the reports specified in the project document and under Article XV of these Regulations.

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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Revised budget estimates 1990-1991 and matters relating to decision 89/59

Report of the Advisory Committee on Administrative and Budgetary Questions

1. In accordance with regulation 9.5 of the Financial Regulations of UNDP, the Advisory Committee on Administrative and Budgetary Questions has considered the revised budget estimates for the biennium 1990-1991 (DP/1990/65). In addition to submitting standard information in respect of the revised estimates, the Administrator also reports on a number of other subjects pursuant to Governing Council decisions and requests. The Advisory Committee has also considered, in accordance with financial regulation 5.1, a report on Trust Funds Established by the Administrator in 1989 (DP/1990/68); it also had before it the addendum to that report (DP/1990/68/Add.1), providing a summary of financial information on all trust funds established by the Administrator since 1981. As requested by Governing Council decision 89/61, the Committee considered the Administrator's report on UNDP Financial Regulations (DP/1990/63). Finally, the Committee had before it the Report of the Expert Group on Agency Support Costs, contained in document DP/1990/9. During its consideration of the above items, the Advisory Committee met with the Administrator and other senior officials of the Programme.

I. Revised budget estimates for 1990-1991 (DP/1990/65)

2. As discussed in part I of DP/1990/65, the Governing Council did not approve the entire volume increase proposed by the Administrator in DP/1989/55 in respect of his initial 1990-1991 estimates; for core activities it capped the volume increase in the manner cited in paragraph 3 of DP/1990/65. In establishing these ceilings, the Governing Council also authorized the Administrator "to deploy the volume increase thus approved for headquarters and field offices respectively with

regard to sustaining and increasing the quality of programme delivery and the overall operational effectiveness of the organization", and requested him to report to the Governing Council on how the volume increases were utilized.

3. Pursuant to that request, tables I.1 to I.4 of DP/1990/65 compare the field and headquarters staffing which was originally proposed in DP/1989/55 and the revised staffing which reflects adjustments made pursuant to Governing Council decision 89/59. In this connection, the Advisory Committee notes the Administrator's statement in paragraph 5 that "the final decision of the Governing Council imposed considerable pressure on overall staffing at headquarters", and that he therefore "felt compelled to eliminate some existing posts in order to safeguard his original priorities". The revised staffing tables therefore reflect the abolition of some established posts as well as the non-creation of some of those proposed in DP/1989/55, and the elimination of some temporary staffing. With regard to the latter, the Administrator confirms "that all temporary staffing arrangements supporting headquarters-related core activities which are to be maintained have been regularized in accordance with paragraph 5 of decision 89/59". (Para. 7 of DP/1990/65)

4. As can be seen from tables I.3 to I.4, a total of 22 new Professional posts had been proposed at headquarters (5 D-1, 7 P-5, 7 P-4, 2 P-3, and 1 P-2/1); a total of 16 were created following decision 89/59 (4 D-1, 6 P-5, 4 P-4, 1 P-3 and 1 P-2). With the exception of the Division for Global and Interregional Programmes and Short-Term Advisory Services, all of the units for which new Professional posts had been proposed were strengthened, albeit in some cases by less posts than originally proposed. A total of 47 General Service posts had been proposed at headquarters; 26 of these posts were created. As shown in table I.3, in three instances, General Service posts were abolished in units where no change had originally been proposed (Geneva Office, RBA, and DMIS). For the field offices, the Administrator had proposed 33 International Professional plus 12 Professional trainee posts, 73 National Officer, 6 Field Service and 171 local level posts. As shown in table I.1, pursuant to Governing Council decision 89/59, the Administrator established 24 International Professional, 53 National Officer, 3 Field Service, and 85 local level posts.

5. The Governing Council's decision, and the Administrator's subsequent decisions related to staffing, have also affected the distribution of resources for operating expenses; table I.5 of DP/1990/65 provides a comparison of the original and adjusted volume increases by object of expenditure in respect of core activities.

6. The Administrator's revised estimates for both core and non-core activities, i.e. the changes he is proposing to the amounts appropriated by Governing Council (decision 89/59), are summarized in annex table 1 of DP/1990/65. As shown below, the revised estimates for core and non-core activities amount to $542.5 million gross, an increase of $14.8 million over the approved appropriations; this includes an increase of $8.2 million under UNDP core activities and an increase of $7.0 million under programme support activities as well as some offsetting adjustments to trust funds:

	1990-1991 approved appropriations (decision 89/59)	Revised 1990-1991 estimates (DP/1990/65)	Total increase/ decrease
	(Thousands of US dollars)		
I. RESOURCES OF UNDP			
A. UNDP core activities			
(i) Headquarters	146 061.9	150 493.2	4 431.3
(ii) Field offices	280 376.5	284 177.4	3 800.9
(iii) Total UNDP core	426 438.4	434 670.6	8 232.2
B. Programme support activities			
(i) Dev. Supp. Serv.	5 000.0	5 000.5	0.0
(ii) OPS	42 362.8	45 201.5	2 838.7
(iii) IAPSO	4 187.0	4 446.8	259.8
(iv) UNV	20 696.6	23 251.0	2 554.4
(v) National execution	1 400.0	2 400.0	1 000.0
(vi) STAS	0.0	350.0	350.0
(vii) Total prog. supp. act.	73 646.4	80 649.3	7 002.9
C. Total resources of UNDP	500 084.8	515 319.9	15 235.1
II. RESOURCES OF TRUST FUNDS			
A. Resources of UNCDF	9 565.6	9 756.6	191.0
B. Resources of UNRFNRE & UNFSTD	6 455.0	5 670.6	(784.4)
C. Resources of UNSO	8 572.2	8 621.4	49.2
D. Resources of UNIFEM	3 980.6	4 123.6	143.0
E. Subtotal I, II (A,B,C,D)	528 658.2	543 492.1	14 833.9
F. Adjustment for UNDP contribution to UNSO-UNDP/ UNEP joint venture	(1 000.0)	(1 000.0)	0.0
III. TOTAL APPROPRIATIONS	527 658.2	542 492.1	14 833.9

7. The gross increase of $14.8 million for UNDP as a whole is attributable to the following elements:

	Thousands of US dollars
Volume increase	3 199.9
Various cost adjustments	8 088.7
Currency adjustment	(2 602.4)
Inflation adjustment	6 147.7
Total	14 883.9

8. The Advisory Committee notes from annex table 1 of DP/1990/65 that the net volume increase of $3.2 million relate entirely to non-core activities and comprises increases totalling $4.0 million under various Programme support activities (OPS, UNV, National Execution, and STAS), offset by a decrease of $0.8 million for Trust Funds (UNRFNRE and UNFSTD, and UNIFEM). The Advisory Committee's observations concerning these programmes and funds, which are discussed in various sections of the Administrator's report, are contained below.

9. An explanation of currency, inflation and other costs adjustments affecting the original 1990-1991 appropriations is contained in Part IX (paras. 70-78) of the Administrator's report. In this connection, the Advisory Committee notes that, as explained in paragraph 71 and shown in annex table 1, the change in currency parities between 1 February 1989 and those of 1 February 1990, has resulted in a net currency release of $3.3 million in respect of core activities. As can also be seen from annex table 1, currency increases in respect of UNV and IAPSO under programme support activities have partially offset the release under core activities; as shown above, the total net savings under currrency in respect of UNDP as a whole amounts to $2.6 million.

10. The inflation adjustment for UNDP core activities totals $5,331,800. Of that total, an amount of $3.0 million represents the impact on inflation arising from the adoption of General Assembly resolutions 44/198 and 44/199 (see table IX of DP/1990/65); the balance of $2.4 million for headquarters and field offices combined ($1.1 for headquarters and $1.3 for field offices) is attributable to other factors. In this connection, the Advisory Committee notes that the increase for headquarters "is the result of an increase in projected inflation rates as established by the United Nations (see document A/C.5/44/52 and Corr.1)". (Para. 72) The Committee also notes that the revised estimates embody an overall inflation rate of 7.4 per cent, comprising 5.2 per cent at Headquarters and 8.5 percent in the field offices.

11. The increase under various cost adjustments for core activities amounts to $6,166,500; as shown in table IX of the Administrator's report, $3.9 million derives from General Assembly resolutions 44/198 and 44/199. In this connection, the Advisory Committee notes that the main components of that increase relate to proposed changes regarding mobility and hardship allowances and assignment grants. The balance of the increase under various cost adjustments, i.e., that not related to the above-mentioned resolutions, is discussed in paragraph 73 of DP/1990/65. As noted therein, the net increase of $2.2 million comprises a decrease relating to

the average post costing, offset by increases for the reclassification of posts (see paras. 30 to 32 below), for UNDP reimbursement to the United Nations for various services and jointly financed activities, and for the revision of the UNDP contribution to the Joint Staff Pension Fund.

12. As mentioned above, the Administrator's report contains a number of other "sub-reports", one of which is the Administrator's review of UNDP Senior Management Structure. In this connection, the Advisory Committee recalls that a review of the senior management structure had been submitted by the Administrator in his report DP/1989/55; however, the Council, in its decision 89/59, recognized that the review had come at a time when a number of factors of crucial importance for the future management structure had not been settled. It therefore requested the Administrator to prepare a comprehensive review and to take into consideration a number of elements, including, inter alia, the responsibilities of all posts at the D-2 level and above, with justification, and the opportunities for reducing the total number of senior level posts (D-2 and above); the desirability of merging or consolidating core units performing similar or related functions, and the possibility of integrating the management of some of the smaller funds. The Administrator was also requested to take into consideration the recommendations of the expert group on successor arrangements for agency support costs.

13. Part II of DP/1990/65 contains the Administrator's review and the proposed changes in the current structure. In the opinion of the Advisory Committee, it is not clear from the report the extent to which the guidelines contained in decision 89/59 have been addressed. While acknowledging that some of those guidelines are very general, the Committee regrets that the Administrator's review does not indicate more clearly how, or indeed whether, they have been taken into account.

14. The Advisory Committee notes that the changes proposed by the Administrator involve, for the most part, reshuffling of various organizational units from one bureau to another; in other instances, units which currently report directly to the Administrator's office will henceforth be included within the framework of a particular bureau. This can be seen most clearly by comparing the organizational chart included in the Administrator's report DP/1990/55 with the proposed organizational chart contained in DP/1990/65.

15. As can be seen from those charts, the Administrator is also proposing to redesignate the Bureau for Special Activities as the Bureau for Resources and Special Activities. The new Bureau will cover two distinct functions. As is now the case, it "will provide an umbrella for the special funds and activities under the Administrator as mandated in particular by the General Assembly". (Para. 17) Under this arrangement, UNCDF, UNSO, UNV, STAS, UNFSTD and UNRFNRE would be included in the Bureau. The Administrator emphasizes that these arrangements are administrative in nature and will not impinge on the autonomous character of each fund. However, "the inclusion of all Funds and activities within the framework of a Bureau is expected to ensure a closer integration at the operational level between the various funds and activities and the UNDP core programme". (Para. 17) As can also be seen from the proposed organizational chart, UNIFEM will, however, continue to report directly to the Office of the Administrator.

16. In addition to bringing the above-mentioned funds under one Bureau, the Administrator proposes to merge the management of UNFSTD and UNRFNRE. In making such a proposal, he emphasizes that both funds would remain separate entities; however, the merger of their management "would enable certain savings in administrative costs which should be beneficial to both funds". (Para. 21) As a consequence of this streamlining, the Administrator proposes to reduce the combined staffing of the two funds by 11 posts (1 D-2, 1 D-1, 2 P-4, 2 P-3 and 5 General Service). The cost of the new division would be shared between the two funds on the basis of gross expenditures.

17. As stated in its report DP/1989/56, the Advisory Committee sees merit in combining the administrative structures of those funds/programmes, which have failed to achieve the necessary financial support. At the same time, it recommends that the staffing situation of the consolidated unit be kept under review to ensure that the magnitude of the post reduction does not adversely affect the funds' ability to secure pledges of contributions and to implement mandated activities. The Committee is also of the view that the possibility of integrating the management of smaller funds has not been exhausted and urges the Administrator to pursue his efforts to this end. Similarly, the Committee believes that it may be possible to consolidate some of the smaller core units whose functions are related.

18. The second function of the Bureau for Resources and Special Activities relates to resource mobilization and information. The units responsible for these functions (the Division of Information and the Resource Mobilization Unit), which formerly reported to the Office of the Administrator, will be consolidated within the Bureau. According to the Administrator, this arrangement is expected to "provide greater coherence to UNDP efforts in these areas" and that consequently, "UNDP will benefit in particular from a more focused relationship with donors." (Para. 19)

19. A number of other changes have been proposed. In this connection, the Advisory Committee notes that responsibility for the Inter-Agency Procurement Office has been shifted from the former Bureau for Special Activities to the Bureau of Finance and Administration. Responsibility for the Division for Global and Interregional Programmes has also been shifted from the Bureau for Special Activities; it will henceforth report directly to the Administrator. In this connection, the Administrator states that "it is expected that the establishment of a more structured consultation process will lead to a closer integration between DGIP, the operational activities of the Bureaux and the Bureau for Programme Policy and Evaluation policy work." (Para. 25) Notwithstanding this statement, the Advisory Committee queries whether in fact the DGIP might more appropriately "fit" in the Bureau for Special Activities and Resources. In this connection, the Committee was informed that DGIP often initiates the establishment of various trust funds on behalf of a number of UNDP Funds such as UNFSTD, UNCDF etc., which, as mentioned above fall under the "umbrella" of BRESA.

20. With regard to the senior management of the Office for Project Services, the Administrator proposes that the post of Director, which, pursuant to Governing Council decision 89/59 is graded at the Assistant Administrator level until 30 June 1990, be maintained at that level. The views of the Advisory Committee on

this question have been set out in its previous reports DP/1988/58 and DP/1989/56. As noted in paragraph 24 of DP/1990/65, the Administrator has made other proposals relating to the reclassification exercise in OPS, including the reclassification of the Deputy Director post to the D-2 level; these are discussed in paragraphs 36 to 45 below.

21. In paragraph 28 of DP/1990/65, the Administrator states that in proposing the above-mentioned changes in the organizational structure, he "has focused on a management structure which is most responsive to functional requirements". He also acknowledges that he is not proposing any reductions in the numbers of ASG and D-2 posts at headquarters in the core programme, stating that "it is not in the overall interests of the organization" to do so at this time. (Para. 32) The Administrator also states that he has reviewed the functions attached to each of the D-2 posts in headquarters and "believes that a clear rationale exists for the level of the posts in relation to the functions performed". (Para. 28)

22. A listing of the D-2 posts at headquarters (27) is provided in table II.2 of DP/1990/65; as indicated in paragraph 33, there are 33 resident representative/ resident co-ordinator posts in the field graded at the D-2 level. The total number of D-2 posts in UNDP thus totals 60, comprising 54 core posts and 6 non-core posts as shown in table II.3.

23. Table II.3 also shows that there are 8 posts graded at the ASG level, one of which is a non-core post (OPS). The remaining ASG posts head the four regional bureaux, the Bureau for Programme Policy and Evaluation, the Bureau for Resources and Special Activities and the Bureau of Finance and Administration.

24. In paragraphs 30-31, the Administrator discusses the historical trend with regard to the USG, ASG and D-2 posts in UNDP. Representatives of the Administrator also provided the Advisory Committee with similar data vis-à-vis these level posts under the United Nations regular budget and the UNICEF programme and administrative budget, pointing to the growth over the years, a growth which the Administrator points out in DP/1990/65 has not occurred in UNDP. Rather, in paragraph 31, the Administrator states that "in sum, over 17 years, despite the assumption by UNDP of a range of new responsibilities, the number of USG, ASG and D-2 posts in the UNDP core programme have in total seen a reduction in two posts (1 USG, 1 D-2)."

25. In the opinion of the Advisory Committee, the comparison of the UNDP with the United Nations and UNICEF is not relevant in this case. In the first place, the United Nations deals with both developmental and political issues as can be seen from an examination of its structure. The United Nations regular budget provides senior posts for a number of quasi-autonomous organizations such as UNRWA, UNEP, Habitat, UNDRO, UNHCR, and UNCTAD. The size and growth of one organization is not necessarily relevant to another organization; i.e. the considerations determining the size and structure are not identical from organization to organization; for this reason, a direct comparison with the growth pattern of UNICEF is equally not relevant. Moreover, the Advisory Committee has never specifically commented on the overall grading pattern of UNCIEF; it has only examined UNICEF's budget since the 1982-1983 biennium. In any event, the Committee does not see the evolution of the grading structure of that organization as a justification for not reducing high-level posts in UNDP.

26. The Advisory Committee therefore questions the Administrator's statement that he does not believe it is in the overall interests of the organization to propose reductions in the senior management of the UNDP core programme at this time. It is also not convinced that serious consideration has been given to this issue, and questions whether in the Administrator's words, "a clear rationale exists" for the level of each of the ASG posts. In this connection, the Committee recalls that in its report DP/1989/56, it pointed out that "the Administrator has moved the Division of Personnel from the Bureau for Finance and Administration (BFA) into his office. The question therefore arises if the BFA should continue to be headed by an ASG." (Para. 54) This issue was not addressed in the Administrator's report DP/1989/55 nor has it been addressed in the Administrator's current review of senior management. The Advisory Committee notes that the Division of Personnel, which comprises 60 staff, is headed by a D-2; as discussed below the Administrator is requesting the reclassification of 3 P-5 posts in that Division to the D-1 level. Although the Inter-Agency Procurement Office has been moved within BFA, the Committee continues to question whether the level of functions currently attached to BFA merits an ASG; it also believes that a "comprehensive" review should have focused on this question.

27. In any event, the Advisory Committee, in the event that the Division of Personnel is maintained as a separate unit, points to the necessity for close co-ordination between this Division and the Bureau for Finance and Administration. In this connection, the Advisory Committee notes that most of the expenditure under the biennial budget relates to personnel costs.

28. The Committee also recalls that, as indicated in its report DP/1988/58, the Committee had been informed by UNDP that, in reponse to recommendation 15 of the Group of High-level Intergovernmental Experts concerning reductions in the number of ASG/USG posts, the Administrator did not intend to fill one of the eight ASG posts in UNDP, namely the ASG post in the BFA, i.e. the post was "frozen". The Advisory Committee understands that the Administrator has now decided to fill the post; however, no reference to, or explanation of this fact has been included in the Administrator's report.

29. In view of the misgivings expressed in the paragraphs above as to the sufficiency of the Administrator's analysis of the UNDP senior management structure, the Advisory Committee doubts whether the Governing Council, on the basis of the documentation before it, is in a position to act on this question, as contained in part II of DP/1990/65. In the Advisory Committee's opinion, the Governing Council should request the Administrator to refine and further substantiate proposals in this regard and submit them for further consideration of the Council.

30. Part III of the Administrator's report contains his proposals for reclassifications at headquarters; as stated in paragraph 34, these have been resubmitted pursuant to the Governing Council's request in its decision 89/59. The Administrator is proposing to reclassify eight P-5 posts to the D-1 level, comprising three posts in the Division of Personnel, three posts in the Technical Advisory Division and two posts of Division Chief, one in the Regional Bureau for Arab States and Europe and one in the Regional Bureau for Latin America and the

Caribbean. The Administrator is also proposing to reclassify two Principal level General Service posts to the P-2 and P-3 levels respectively.

31. Very little information is contained in the Administrator's report to facilitate a review of these requests; at the minimum the Committee would have expected information on the staffing levels of each unit concerned and more details concerning the responsibilities of each post. Because of this deficiency, the Advisory Committee discussed the reclassifications at length with representatives of the Administrator and received additional information in an attempt to gain a better understanding of "increased reponsibilities" or "changed nature of work", traditional yardsticks used in considering reclassifications. The information provided to the Committee, however, revealed that, with particular reference to the posts in DOP and TAD, the rationale for the reclassifications related not so much to the responsibilities of the posts but to the salary system in place; i.e. the reclassifications were salary-driven. As alluded to in paragraph 38, it is the market demand which determines the level required to attract and retain the skills and experience that are needed. That being the case, the Committee inquired as to which of the eight P-5 posts were unencumbered and was informed that only one vacancy existed in TAD. Representatives of the Administrator emphasized that the reclassifications were still needed in order to retain the incumbents. This explanation is unsatisfactory.

32. The Advisory Committee does not dispute the Administrator's assertions of what the market demand may be. At the same time, it points out that purported deficiencies in the salary system cannot be addressed through reclassification of posts.

33. By its decision 89/59, the Governing Council authorized the Administrator to submit, on an exceptional basis, substantive proposals for the 1990-1991 UNIFEM budget to its thirty-seventh (1990) session. The appropriations for 1990-1991 approved by decision 89/59 ($3.98 million as shown in table IV.1) therefore reflected, with two exceptions, a carryover of the 1988-1989 approporiation which had been adjusted for changes in staff entitlements and inflation (see DP/1989/55, para. 125). Pursuant to decision 89/59, the Administrator, in part IV of DP/1990/65 (paras. 42-46), has submitted UNIFEM budget estimates for 1990-1991 in the amount of $4.1 milli The increase of $143,000 over the current appropriations includes, as hown in table IV.1, a volume decrease of $2,400 and a cost increase of $145,400.

34. Although the Administrator attributes the volume decrease to the "result of the proper apportionment of these costs between the Fund's core and technical support budgets" (para. 45), in the Committee's view, this does not constitute an adequate explanation. The Advisory Committee regrets that adequate justification was not included in DP/1990/65 to facilitate the review of the budget. In this connection, the Committee points out that, notwithstanding the net decrease in volume, certain objects of expenditure reflect substantial increases, including temporary assistance, consultants, other staff travel, information contracts, communications and office furniture. At its request, the Committee was provided with additional details concerning these and other line items.

35. The Administrator's proposals regarding UNIFEM also include the reclassification of a G-5 post to the P-3 level in view of the identified need for an executive assistant (para. 44). In response to inquiries, the Committee was informed that the G-5 post is currently vacant and that the reclassification was based on a new set of requirements for a Professional post, the incumbent of which would perform what is commonly known as an Executive Officer function. The Committee points out that it is not common practice to reclassify G-5 posts to the P-3 level and that the request should have been made for the establishment of a new post, with the concurrent abolition of the General Service post if it were determined that the functions related to that post were no longer required. Subject to these observations, the Advisory Committee has no objection to this request.

36. The Administrator's proposals concerning the Office for Project Services (OPS) are contained in part V of his report; these relate to the Administrator's resubmission of post reclassifications. In this connection, the Advisory Committee notes that in decision 89/58, the Governing Council deferred action on the proposed reclassifications submitted in the Administrator's report DP/1989/55 and invited the Administrator to resubmit them in the context of the full classification exercise to be undertaken in the Office.

37. The results of the classification exercise are presented in table V of DP/1990/65; as can be seen, the Administrator is proposing a staffing establishment of 192 consisting of 77 Professional and above (1 ASG, 1 D-2, 9 D-1, 24 P-5, 17 P-4, 18 P-3 and 7 P-2) and 115 General Service, of which 30 are at the Principal level. The total of 192 reflects an increase of 6 posts (2 P-5 and 4 GS) which the Administrator, within the authority delegated to him by the Governing Council, has approved. That increase accounts for the volume increase of $976,200 shown for OPS in annex table 1.

38. As shown in table V, the above-mentioned grading structure reflects a number of proposed reclassifications. In this connection, the Advisory Committee notes from paragraph 51 that "it is proposed to reclassify four Division Chief posts to the D-1 level"; however, the net increase in D-1 posts is three since it is further proposed to upgrade one D-1 post to the D-2 level for the Deputy Director post. A number of other reclassifications are also proposed at the P-5 level and below.

39. In paragraph 49, the Administrator states that "the results of the reclassification exercise are fully in line with the findings of the management consulting firm which issued its report in 1988," as a result of which a revised organizational structure was proposed; a copy of the revised organizational chart is provided in the Administrator's report.

40. The Advisory Committee notes that all of the proposed reclassifications to the D-1 level relate to the Operations Branch. The current grading pattern of that branch, as compared to the proposed, is as follows:

OPERATIONS BRANCH

Deputy Director

	Current D-1		Proposed D-2									
	I		II		III		IV		V		TOTAL	
Division	Current	Proposal	Current	Proposal	Current	Proposal	Current	Proposal	Current	Proposal	Current	Proposal
D-1	1	1	0	1	0	1	0	1	0	1	1	5
P-5	2	3	5	3	1	3	3	3	3	6	14	18
P-4	3	2	2	2	4	1	3	2	5	3	17	10
P-3	0	1	0	2	1	3	1	1	0	0	2	7
P-2	2	1	2	1	2	2	1	1	0	0	7	5
TOTAL	8	8	9	9	8	10	8	8	8	10	41	45

Notes: 1. Division III proposed level of 10 Professional posts includes reclassification of two G-7 posts to P-2.

2. Division V includes two new P-5 posts. (See para. 53 of DP/1990/65.)

/...

As shown above, only one of the Divisions in the Operations Branch is currently headed by a D-1 (see para. 42 below); as stated in paragraph 51 of DP/1990/65, it is proposed to reclassify 4 P-5 posts so that all five chiefs of the Branch would be at the D-1 level.

41. The Advisory Committee notes from paragraph 51 that each chief will be responsible, on average, for eight Professional Officers. The Administrator goes on to state that "with each division currently handling on the average an aggregate project budget of $80 million, the management function of the division chief has considerably increased over the last four years, particularly in view of the fact that OPS management, in line with recommendations made by the management study is increasingly delegating authority to the incumbents."

42. In considering these reclassifications, the Advisory Committee notes that project budget is not necessarily an accurate measure of the responsibility involved; it also notes that the number of Professionals in each division is small and more in line with what one might expect to find in a section, headed by, for example, a P-5. The Committee therefore recommends against the reclassifications to the D-1 level. In so stating, the Committee is aware that one Division Chief post is currently classified at the D-1 level; however, in the Committee's view this is not sufficient reason to reclassify 4 other posts. (See also para. 46 below.)

43. In line with the above, the Committee also finds it unusual that the operational units have been designated as "divisions", each one headed by a Chief. In the Committee's view, "division" normally implies a larger unit which, in the case of UNDP core activities, is often headed by a Director. In the Committee's view, these "divisions" would have been more appropriately called sections.

44. Consistent with its recommendation in paragraph 42 above, the Committee also recommends against the reclassification of the D-1 Deputy Director post to the D-2 level. In this connection the Committee also points out that, the management consulting firm (see DP/1989/75) recommended that OPS be reorganized into four major units, one of which was the Operations Branch; in document DP/1989/75, the Administrator stated that this Branch should be headed by the Deputy Director, Operations. As shown in the organizational chart included in DP/1990/65, the Operations Branch is the largest of the four units; however, the Committee does not believe that this justifies designating the head at the D-2 level. The fact that the Deputy Director is second in command of the Office and takes charge whenever the Director is absent is also, in the Committee's view, insufficient justification for the reclassification. Finally, the Committee's recommendation is also in line with its views concerning the level of the Director of OPS.

45. The Committee accepts the reclassifications at the P-5 level and below; however, in so stating, the Committee emphasizes that, in its view, the resulting grading pattern (especially in respect of the number of P-5 posts) should be more than sufficient and it cautions against further reclassifications which may distort the resultant grading structure.

46. As mentioned above, one of the division chiefs in the Operations Branch is currently at the D-1 level; in addition, the Committee points out that there are currently five other D-1 posts (see table V) in OPS, all of which were established prior to the introduction of the new organizational structure. The Committee notes that the total number of D-1 posts has increased in recent years as a result of the authority granted to the Administrator to adjust staffing in mid-bienniums (Governing Council decision 82/31). For example, the Administrator's original estimates for 1988-1989 (DP/1987/55) for OPS as well as his revised estimates for that biennium (DP/1988/52) provided for four D-1 posts. That number was then increased to six as shown in DP/1989/55. The Advisory Committee does not dispute the authority of the Administrator to establish posts for OPS in mid-biennium. However, it believes that the establishment of these posts should be consistent with the procedure approved for the establishment of extrabudgetary posts in the United Nations. In this connection, it points out that, pursuant to General Assembly resolution 35/217, the establishment of extrabudgetary posts at the D-1 level and above for which the approval of an intergovernmental organ is not required is subject to the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions. The Advisory Committee therefore recommends that henceforth the same procedure be applied in OPS.

47. Part VI of the Administrator's report (paras. 55-58) relates to the revised estimates for the United Nations Volunteers programme (UNV). As seen in annex table 1, the revised estimates for 1990-1991 amount to $23,251,000, an increase of $2,554,400 over the initial appropriation of $20,696,600. That increase comprises a volume increase of $1,975,800 and a net cost increase of $578,600 (consisting of increases for cost adjustments and currency offset by a reduction for inflation).

48. The volume increase relates to the increase in the Programme's supplementary budget. In this connection, as recalled by the Administrator in paragraph 55, the UNV budget comprises three components including a supplementary budget for UNV headquarters to be funded by means of an annual supplement to the core budget of $3,700 per serving volunteer in excess of 1,000 on 31 December of the previous year. The 1990-1991 appropriation for UNV took into account the number of 1,534 serving volunteers on 31 December 1988. As of 31 December 1989, that number had increased by 267 to 1,801; hence the supplementary budget has been increased to $5,927,400 (801 x 2 x $3,700), an increase of $1,975,000 over the supplementary budget of $3,951,600 approved within the initial appropriations (534 x 2 x $3,700).

49. The Advisory Committee notes from paragraph 58 of DP/1990/65 that "the revised budget has enabled the Administrator to establish a further 2 Professional and 8 General Service posts, bringing the total UNV staffing Geneva to 32 Professional and 55 General Service posts." In this connection, the Advisory Committee recalls that when, by its decision 88/46, the Governing Council approved the concept of a supplementary budget, it said that this could be used for additional staffing units at a rate of one unit per 70 additional serving United Nations volunteers. As reported in the Advisory Committee's report DP/1988/58, a staffing unit comprises either 1 Professional and 1 General Service or 3 General Service. On the basis of 267 additional volunteers, the Administrator is therefore entitled to increase staffing by 3.8 staffing units; his increase of 2 Professional and 8 General Service is equivalent to 4 units (2 units each comprising 1 Professional and 1 General Service, and 2 units each comprising 3 General Service).

50. Headquarters support to National Execution is discussed in part VII of the Administrator's report. As shown in annex table 1, appropriations for 1990-1991 under the heading "National execution" under programme support activities totalled $1.4 million. This amount represented headquarters accounting and auditing support costs for government executed projects.

51. As stated in paragraph 61, the Administrator proposes a revised appropriation of $1.15 million in 1990 and $1.25 million in 1991, i.e. a total of $2.4 million, as shown in annex table 1. At its request, the Advisory Committee was provided with a breakdown by object of expenditure of this total. As also shown in annex table 1, the increase of $1 million over the initial appropriation comprises a volume increase of $745,100 and an adjustment for inflation of $254,900.

52. The Advisory Committee notes that the volume increase relates to the Administrator's proposals to increase the staffing levels of the National Execution Unit of the Audit Division by 1 Professional and the National Execution Unit of the Accounts Section by 2 General Service, as well as to provide for systems development and training relating to the new accounting and financial reporting procedures introduced in 1989. A breakdown of the $745,100 was provided to the Committee at its request.

53. In proposing the above, the Administrator, in paragraph 65, emphasizes that "since $400,000 was appropriated annually for the accounting function, national execution delivery has increased two and one half times ..."; accordingly, "he believes his proposals incorporate the minimum requirements necessary to enable him to discharge his accounting and audit obligations."

54. In the circumstances, and taking into consideration the ever-increasing importance attached to national execution, the Advisory Committee recommends acceptance of the Administrator's proposals. The Committee welcomes the progress achieved thus far in ensuring a more complete understanding of audit requirements by Governments and field offices, and it trusts that the increased staffing levels and training will lead to still further improvements. The Advisory Committee also hopes that the new accounting and financial reporting procedures introduced in 1989, which are currently being reviewed by a consultant, will bring about yet further progress. Recognizing that the Administrator's proposals represent the minimum requirements (see para. 53 above), the Committee looks forward to receiving an updated report on the subject in the context of the Administrator's budget proposals for 1992-1993; it also intends to follow up on the matter in the context of its examination of the report of the Board of Auditors.

55. In part VII of DP/1990/65, the Administrator recommends that the Short-Term Advisory Services (STAS) be made an operational part of UNDP from 1 July 1990 and that funding and staffing (1 Professional and 1 General Service) for the programme be provided under programme support activities at current levels. The Administrator bases his proposal on a recommendation by an evaluation team; as stated in paragraph 66 of DP/1990/65, the report on this evaluation and the recommendation are contained in the Administrator's report DP/1990/58.

56. The Advisory Committee regrets that this report was not available at the time it discussed the revised estimates with the Administrator and, in this connection, it requests that in future, all reports which impact on the estimates be made available to the Committee prior to its meeting with the Administrator. It also requests that all documents to be considered by the Committee be produced in a more timely fashion.

57. The Administrator's report DP/1990/58 has been submitted pursuant to the Governing Council's request in its decision 89/51 to report "on the details of the evaluation carried out of the short-term advisory services programme with a recommendation on the establishment of a focal point for short-term advisory services as an operational part the the United Nations Development Programme". The Advisory Committee notes from DP/1990/58 that the evaluation team, as reported in DP/1990/65, did recommend that "STAS be made an operational programme of UNDP as early as possible and that UNDP allocate sufficient human and financial resources to enable it to grow at a steady and sustainable rate". (Para. 11) However, the Committee also notes that the summary contained in DP/1990/65 neglects to mention a number of problems as well as other findings identified by the evaluation team.

58. The Advisory Committee notes, for example, that the evaluators identified a need for promotional efforts to activate demand and create a sustained awareness of the programme. The problem of the high rate of cancellation or withdrawal of requests was also highlighted. While part of this is attributable to changed business circumstances, the team also found that the high rate of cancellation resulted from premature (improperly screened) requests. The Administrator is attempting to address these and other points; however, the Committee queries the necessity of "institutionalizing" the programme before it has been demonstrated more fully that there is consistent and sustained demand for it.

59. A number of other questions also need to be addressed. In paragraph 3 of DP/1990/58, the Administrator states that to date (since 1985), approximately 200 advisers from 23 countries have undertaken missions to 51 developing countries; as shown in annex III, in 1989 a total of 28 assignments were completed in nine countries. The Advisory Committee questions whether these statistics justify taking a decision now as proposed by the Administrator.

60. As indicated in paragraph 8 of DP/1990/58, "the team urged closer working relationships with the specialized agencies and improved networking with similar United Nations technical assistance programmes." The Administrator responds to this by stating that "several discussions have been held with the United Nations specialized agencies for greater collaboration in the use of STAS advisers in their projects and programmes", and that "discussions are under way with these agencies to further develop relationships with STAS". (Para. 14) Notwithstanding this statement, the Advisory Committee would have appreciated a more detailed discussion on the substance of the agencies' views.

61. As cited above, the recommendation of the evaluation team was not simply to make STAS an operational part of UNDP but also to provide sufficient resources to allow for its expansion; however, the scope of this expansion has not been adequately addressed. Although the Administrator requests that funds be provided

under programme support activities at current levels (para. 69 of DP/1990/65), he also states that "funding from programme resources will allow for an expansion of programme activities as necessary over time". (Ibid.) Furthermore, in DP/1990/58, he states that "to meet the expected increase in demand for STAS, UNDP proposes to cover these additional costs from programme resources." No further details are provided regarding the estimated extent of such expansion and the corresponding costs involved.

62. The Advisory Committee also notes the Administrator's plans to increase the use of local volunteers on an expense only basis "to develop and promote the programme" (para. 16 of DP/1990/58). One such volunteer has already been recruited on a pilot basis; however, no details are provided regarding the expected number of volunteers, the cost involved and how those costs fit into the budget provided in DP/1990/65.

63. In paragraph 16 of DP/1990/58, the Administrator states that the expansion of STAS will "enable UNDP better to meet the recognized and growing needs of firms in the production, commercial and service sectors of developing countries for short-term, highly specialized technical and management-related expertise"; in paragraph 19 he states that "an operational STAS programme will be of significant benefit to the private and parastatal sectors of developing countries in the coming years." The Advisory Committee believes that the role of STAS vis-à-vis the private sector and the impact this may have on UNDP resources needs to be discussed and agreed on.

64. The Advisory Committee also recalls that in its decision 89/59 the Governing Council established a separate appropriation of $5 million for the introduction of Development Support Services in the field offices "giving the resident representative ... access to nationally - or regionally - available independent short-term expert advice ...". While recognizing that the STAS short-term advisory services refer to very specific services, while those under the DSS may relate to a variety of fields, the Advisory Committee believes that there may be potential overlap. In addition, the Committee recalls the existence of another service TOKTEN (Transfer of Knowledge through Expatriate Nationals), established 11 years ago (see DP/1990/17, para. 33). Since the Advisory Committee was also previously informed that one source of expertise for DSS was expatriate nationals, the potential for overlap may also exist between these two programmes. Pursuant to decision 89/59, the Administrator will present a report on the utilization of DSS in the context of his 1992-1993 budget proposals. In the Committee's opinion, the report should clarify the respective roles of STAS, DSS and TOKTEN.

65. In the circumstances, and bearing in mind its observations and concerns in the above paragraphs, the Advisory Committee believes that it is premature to act on the recommendation to make STAS an operational part of UNDP, effective 1 July 1990 as proposed by the Administrator.

66. With regard to the proposed estimates for 1990-1991, and without prejudice to its observation in paragraph 65 above, the Advisory Committee believes that the budget presented in document DP/1990/65 is lacking in transparency and detail. In addition, because of differences in format and line items, it is difficult to

relate that budget with the actual STAS expenditures as shown in annex IV of DP/1990/58. The Advisory Committee emphasizes the importance of linkage between documents and, as mentioned above, the necessity of providing related documents to the Committee in time.

67. The Advisory Committee also notes that resources amounting to $45,000 have been included in the proposed estimates for consultants. The Advisory Committee queried as to the rationale for this provision and was informed that the consultants were needed both to identify donors for STAS and to match these donors with recipient Governments. It is unclear to the Committee whether the proposed provision of $45,000 for other staff travel in 1990-1991 also relates in part to consultants; in any event, the Committee questions whether resources for consultants in the magnitude requested are warranted.

II. UNDP financial regulations (DP/1990/63)

68. In its decision 89/61, the Governing Council requested the Administrator to submit, through ACABQ, appropriate amendments to the UNDP financial regulations "which would provide that, beginning with the biennium 1990-1991, audited financial statements for the UNDP shall be submitted to the General Assembly and to the Governing Council on a biennial basis and that, beginning in 1990, the Board of Auditors shall submit, through the Advisory Committee on Administrative and Budgetary Questions, to the General Assembly and to the Governing Council a report on their findings and recommendations resulting from the audit examination of substantive matters, including management issues, carried out in respect of the first year of each biennium."

69. The Administrator's report DP/1990/63 provides the amended text of financial regulations 16.1, 16.3, 17.1 and 17.2 which reflect the biennialized submission of the audited financial statements for UNDP. The Committee has no problem with these amendments which relate to the first half of the above-cited decision. The Committee, however, sees no compelling reason for the Board of Auditors, in intervening years, to be required to submit to the Governing Council and the General Assembly through ACABQ, a report on substantive matters. In this connection, the Committee points out that in the case of the United Nations, biennial reports are also submitted to the General Assembly; however no report on substantive issues is submitted to the General Assembly in the intervening years. The Board continues its work during the intervening year and discusses issues with the administration; however, the Board waits until its submission of its report on the financial statements and accounts to report on its findings on substantive and other issues. The Advisory Committee sees merit in this procedure since it might be difficult to appreciate the Board's findings on financial, substantive and management matters in the absence of the audited financial statements and accounts.

III. Agency support costs (DP/1990/9)

70. The Advisory Committee discussed the procedural aspects related to this matter with the Administrator and colleagues, and indicated its intention to follow developments closely. In this connection, the Committee will discuss the subject with the specialized agencies and IAEA in the context of its annual meetings on administrative and budgetary co-ordination. The Committee also intends to submit a report at the appropriate time. Accordingly, the Committee requests the Administrator, for his part, to keep it appraised of all developments related to the issue.

IV. Trust funds established by the Administrator in 1989 (DP/1990/68 and Add.1)

71. The Administrator's report DP/1990/68 contains information on the trust funds established by the Administrator in 1989, as well as a listing of activities financed from the USSR/UNDP trust fund in 1989. Document DP/1990/68/Add.1, submitted pursuant to Governing Council decision 89/60, provides information on all trust funds established by the Administrator since 1981. The Advisory Committee discussed both of the above reports with representatives of the Administrator.